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**Higher Education & Workforce  
Education Committee**

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**HB 1434**

**Brief Description:** Implementing a strategic direction for higher education.

**Sponsors:** Representatives Jarrett, Priest, Cox, Rodne, O'Brien, Buri, Chase, Hankins, Haler and Newhouse.

**Brief Summary of Bill**

- Establishes the Legislature's statewide plan for higher education, which includes increasing capacity by 30,000 enrollments, awarding 3,000 additional baccalaureate degrees annually, adding 12,500 additional enrollments in high demand fields, and increasing the state's overall investment in higher education by \$460 million per biennium.
- Provides that by 2012, tuition and mandatory fees for full-time resident undergraduates will be equal to the average tuition and fees charged at peer institutions nationally.
- Reforms the state need grant program to provide that a student's cost of attendance at a public institution shall not be more than 30 percent of family income.
- Authorizes the branch campuses, beginning with the 2006-07 academic year, to offer lower-division courses and to transition to four-year institutions.
- Requires public institutions of higher education to enter into six-year performance contracts with the state.

**Hearing Date:** 2/2/06

**Staff:** Sarah Ream (786-7303).

**Background:**

Institutions of Higher Education in Washington

Washington has two research universities: the University of Washington (UW) and Washington State University (WSU). The mission of both universities is to not only educate students but also to create and disseminate knowledge through research. Washington also has four branch campuses associated with the research universities. These are: UW Bothell, UW Tacoma, WSU

Vancouver and WSU Tri-Cities. In 2005, WSU Vancouver, and UW Bothell and Tacoma were granted authority to develop lower-division courses and to expand into four-year institutions.

In addition to the two research universities, there are four regional universities in Washington: Western Washington University (Western), Eastern Washington University (Eastern), Central Washington University (Central), and The Evergreen State College (Evergreen). The focus of the regional universities is on undergraduate and master's level graduate education.

The research universities and the regional universities also offer courses at education centers located around the state in an effort to expand student access to bachelor's and master's degrees. These centers have evolved from college and university initiatives.

There are 29 community colleges and five technical colleges in this state. These institutions have a broad mission that includes basic skills and adult education, academic preparation for transfer to a baccalaureate program, and workforce training and certification programs.

Approximately 55 independent, private institutions are authorized to offer four-year non-religious degrees in Washington. There are also approximately 230 private career and technical colleges licensed to operate in Washington.

#### Enrollments

More than 400,000 students are enrolled in Washington's three primary sectors of higher education: community and technical colleges, public four-year institutions, and independent four-year institutions. Approximately 62 percent of these students attend a community or technical college, 26 percent attend a public four-year institution, and 12 percent attend an independent four-year institution. Approximately 41 percent of the enrollments at the public four-year institutions are at the UW which includes UW Tacoma and UW Bothell.

Total enrollment numbers include students in state-supported programs as well as those in self-supported programs. Of the approximately 106,500 enrollments at the public four-year institutions, 98,000 of these enrollments are state-supported. Of the approximately 350,000 enrollments at the community and technical colleges, approximately 182,115 of these are state-supported.

The Legislature, for budgeting purposes, assumes a budgeted level of enrollment. However, an institution's actual enrollment may vary from the budgeted amount. For example, the 2004-05 budget provided the UW with a total of 35,666 full-time equivalent (FTE) students. However, the university enrolled 36,397 students, for an over enrollment of 731 students. The other public institutions also "over enrolled" students for a total over enrollment of approximately 4,700 students for the 2004-05 school year.

Populations projections provided by the Office of Financial Management (OFM) predict that while the number of high school graduates will peak around 2008 (the "baby boomlet"), with more than 61,000 graduates, the college-age population will continue to grow into 2012 or 2013. By 2010, OFM predicts that an additional 22,500 state-funded FTEs will be needed to allow the same proportion of Washington's population to enroll in public higher education as are now attending.

#### Degrees Awarded

Over 65 percent of the degrees awarded at the four-year public institutions are in the social sciences, arts and letters, and business. In contrast, approximately 8 percent of the degrees are awarded in the sciences and 7 percent in engineering and computer science.

#### Higher Education Financing

Within the overall state budget, approximately \$2.69 billion is appropriated for higher education. Of this amount, approximately 38 percent of the funding is allocated to support the community and technical college system. Tuition, which is considered to be a state fund source although each institution retains its own tuition revenue, represents an increasing proportion of the institutions' total budgets. For example, in 1994, tuition represented 22 percent of the total operating budgets for the public institutions. Today, tuition constitutes approximately 32 percent of their total operating budgets.

The Legislature currently establishes resident undergraduate tuition through its biennial budget. Each institution's governing board has authority to set non-resident and graduate tuition rates. For the 2005-06 school year, undergraduate resident tuition at the four-year institutions is as follows: UW Seattle is \$5,385 WSU Bothell and Tacoma is \$5,506; Central is \$4,144; Eastern is \$4,044; Western is \$4,130; and Evergreen is \$4,114. The community colleges' tuition is \$2,445, based on a student taking 15 credits a semester.

Compared to the national average, Washington's tuition is lower than peer institutions. For the 2005-06 school year, as compared to 25 peer institutions nationally, Washington ranked 19th with respect to the amount of resident undergraduate tuition (i.e., there were 18 that charged higher tuition). However, compared to the other Western states, Washington's tuition is higher than average. For example, the Western Interstate Commission for Higher Education average for resident undergraduate tuition in its member states for 2003-04 was \$3,673 while Washington's was \$4,346.

#### Financial aid

The Higher Education Coordinating Board (HECB) administers state financial aid programs for low-income students pursuing higher education. State funds for a number of financial aid programs are appropriated in the operating budget to the HECB. These programs include the: State Need Grant, State Work Study, Washington Scholars, Washington Award for Vocational Excellence, and Educational Opportunity Grant.

The State Need Grant is the largest state-funded financial aid program. For the 2004-05 academic year, \$125 million supported about 55,500 students attending public and independent higher education institutions. To qualify for the grants, in addition to having at least half-time attendance, students must have a family income of no more than 55 percent of the state median family income (\$36,500 for a family of four in 2004) and be enrolled in a degree or certificate program.

#### **Summary of Bill:**

#### Strategic Direction

The Legislature's strategic plan includes that by 2012 there will be: (1) an increased capacity of 30,000 enrollment slots in higher education, of which 14,000 will be in workforce training; (2) 3,000 additional baccalaureate degrees awarded annually; (3) 12,500 additional enrollments in high demand fields; (4) assurance that cost of higher education attendance will not exceed 30

percent of family income; (5) performance contracts with each institution of higher education; and (6) an increase in the state's overall investment in higher education by \$460 million per biennium. Overall enrollment at the regional universities, the state college, and the branch campuses will be increased, and undergraduate enrollments at the main campuses of WSU and the UW will be frozen.

#### Tuition and Financial Aid

By 2012, tuition and mandatory fees for full-time resident undergraduates will be equal to the average tuition and fees charged at peer institutions nationally. Tuition and fees may not be increased by more than 12 percent per academic year at the four-year institutions and 7 percent at the community colleges.

Through a combination of state need grants, other state and federal grants, scholarships, and other financial aid, a student's cost of attendance at a public institution shall not be more than 30 percent of family income. The HECB shall report to the Legislature by December 15, 2006, regarding the changes made in conformity with this bill.

#### Service Delivery

The branch campuses are authorized, beginning with the 2006-07 academic year, to begin offering lower-division courses and to transition to four-year institutions. When a branch campus' enrollment approaches 7,500 full-time equivalent students or at the written request of the campus community advisory committee, the governing board of the university responsible for the branch campus will conduct a governance study.

Community and technical colleges, subject to approval by the State Board for Community and Technical Colleges (SBCTC), may develop and offer applied baccalaureate degree programs, if the programs are not offered by a public four-year institution.

#### Accountability

The HECB and each institution of higher education shall enter into a performance contract. The Governor's Office will create a master performance contract for the state community and technical college system.

A performance contract is an agreement between the state and the governing board of the college or university, or the SBCTC, that: (1) addresses the Legislature's statewide goals and priorities; (2) specifies enrollment and resource levels; (3) contains the state's and institutions' goals and commitments; (4) includes quantifiable performance measures; and (5) reflects the unique role and mission of the institution within the state's higher education system. Performance contracts must also contain indicators that measure outcomes concerning costs, quality, and effectiveness. The term of performance contracts is six years. The HECB and the Governor's Office will submit all completed performance contracts to the Legislature by January 15, 2006, and every six years thereafter. The HECB and the Governor's Office must also submit annual progress reports to the Legislature regarding the implementation of the contracts and short-term outcomes. The Joint Legislative Audit and Review Committee will submit an evaluation and recommendations to the Legislature regarding the performance contracts.

**Appropriation:** None.

**Fiscal Note:** Requested on January 27, 2006.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.